

"LAND LEASING, LEASE AND DEVELOPMENT, AND
PURCHASE & DEVELOPMENT COOPERATIVE ASSOCIATIONS"

Address by M. K. Medley at the Resettlement Personnel
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A large part of the research carried out by Farm Security has been represented by the formation of cooperative associations which have acquired family size farms for their members and have assumed, in part, "landlord responsibilities." The acquisition of the individual units by these associations has been accomplished either through (1) the lease of land together with improvements already constructed; or (2) the lease of the land and the construction of the improvements by the association; or (3) the outright purchase of land together with the construction of improvements.

These associations are commonly classified in three groups. First, the "lease and development" associations which have leased the land from the Government and constructed improvements on the land with funds borrowed from the Government; second, the "land leasing" associations which have leased land together with improvements from private landowners; and third, the "purchase and development" associations which have both purchased land and constructed improvements with funds borrowed from the Government.

LEASE & DEVELOPMENT ASSOCIATIONS

The lease and development associations have leased land from the Government for long terms, in some instances as long as 99 years and, in still other instances, the leases include the option to purchase.

These associations have subdivided the land into family size units and have constructed the improvements on the units together with cooperative facilities, such as stores, gins, repair shops, feed mills and sweet potato curing houses. In some cases the improvements to the land also include community buildings, as well as roads, bridges, and drainage systems. There are 16 lease and development associations in all, with a combined membership of 1,640 families. They include organizations on such projects as Sunflower, Mississippi; Transylvania, Louisiana; and Kinsey, Montana. The farm land leased from the Government by these 16 associations totals roughly 93,000 acres and funds borrowed from the Government total approximately \$5,432,000.

LAND LEASING ASSOCIATIONS

The "land leasing associations" were in part an outgrowth of the Resettlement program and the institution of Resettlement projects, and include such organizations as Portage Farms in Missouri; the Twist Leasing Association in Arkansas; and the Coy Leasing Association in Alabama.

During the land purchase program of the former Resettlement Administration and later the Farm Security Administration, considerable land was acquired in Region VI for the purpose of ultimate development into Resettlement projects. While awaiting approval of specific projects, development of plans and the establishment of budgets, this land was leased to rehabilitation clients under the supervision of the various State Rural Rehabilitation Corporations in Region VI. As final approval was given for the development of Resettlement projects, as well as the organization of lease and development associations, regional officials were faced with the problem of finding family size farms for the Farm Security Administration clients who could not meet the RP family selection requirements.

To meet this situation, plantations of various sizes were leased by the State Corporations from private landowners and subleased to individual client families. However, as the assets of these State Corporations were transferred to the Government in trust, the Government procedure in conducting operations of this type was cumbersome and it was decided that the operation of these large tracts by cooperative associations, composed of families residing on the land, would permit greater flexibility in operations and would enable the families to receive advantages not possible under the State Corporation setup.

Accordingly, in the fall of 1938 and spring of 1939 the first group of land leasing associations, 17 in number, were organized in Region VI and began operations in the crop season of 1939. As operations progressed, regional officials realized that the organization of these associations not only had alleviated a temporary problem but afforded an opportunity for acquiring family size units for the lower strata of low income families which the FSA was constantly endeavoring to reach and help.

By the end of 1940, 31 land leasing associations were in operation, and since that date, 6 additional associations have been organized, making a total of 37. Of this number, 15 are in Arkansas; 11 in Louisiana, 7 in Mississippi; 2 in Alabama; and 2 in Missouri. The associations range in size from 6 to 270 families and have a total membership of approximately 1,975 families, including 900 white families and 1,075 colored families. Loan agreements between the Government and the associations total approximately \$1,225,000, and roughly 114,000 acres of land has been leased for periods ranging from 3 to 10 years.

Rents per cultivable acre between the associations and the private landowners vary from \$2 per cultivable acre upward. Subleases between the associations and their members conform to the general rental arrangements in the areas involved, which so far have been on the basis of 1/4 of the cotton, cottonseed and AAA payments, plus 1/3 of the feed crops or 1/4 of the cotton, cottonseed and AAA payments, plus a cash rental for all other crop acres.

PURCHASE AND DEVELOPMENT ASSOCIATIONS

At present there are 4 associations in this group, namely, the Tallahatchie Association in Mississippi; Pulaski Association in Arkansas; Security Farms in Southeast Missouri; and Milk River Farms in Montana. These organizations have borrowed a total sum of \$1,467,000 from the Government for the purchase of land and the construction of new improvements or the remodeling of existing improvements on the land. The combined membership of these associations totals approximately 375 families, and involved the purchase of approximately 24,000 acres of farm land.

FINANCIAL RESULTS

We are in no position to judge the financial success or failure of the "lease and development" associations or the "purchase and development" associations. The majority of the lease and development associations have operated only two years. The financial results of 1940 are not obtainable at this time and 1940 was the first year in which any one association's operations were not interrupted or handicapped, to some extent, by construction and land improvement activities.

The 4 purchase and development associations have not progressed that far, inasmuch as the major part of their 1940 operations consisted of construction and development work.

We believe we are in a position, however, to judge the trend towards success or failure of the land leasing associations, inasmuch as these organizations began farming operations at inception and have not been handicapped materially by construction. As I have stated previously, there were 17 associations which began operations in 1939. Annual reports at the close of that year revealed that 10 associations operated at a profit, and 7 incurred deficits. During 1940, 31 leasing associations were in operation, with 19 associations showing a surplus on their operations and 12 associations incurring losses.

ADVANTAGES AFFORDED THE FAMILIES, THE GOVERNMENT & OTHERS

These organizations are contributing materially to the permanent or long-time rehabilitation of the members.

1. The "lease and development" and "purchase and development" associations are furnishing their members with life-time security of tenure, pending satisfactory performance, and the leasing associations have improved the security of tenure for their members subject to the same conditions.
2. The families composing the membership of all three types of organizations have been able to raise their standards of living, particularly in regard to sanitation, medical care, adequate food supply through the operations of subsistence units and improved storage facilities for food and feed.

3. Where the volume is of sufficient size, savings have been effected through cooperative action in the purchase of farm and home supplies and obtaining services of various kinds, such as livestock improvement, repair shops, gins, and the marketing of farm products by the associations.
4. The families are being taught better farm management and home management practices by the Farm Security Administration supervisory and farm management personnel. Demonstrations in canning and other home practices have been conducted to better advantage because of the location of these families in groups.
5. The families are gradually being educated in cooperative principles. It should be recognized that this phase of the work has been neglected due to the necessity of giving so much time to construction activities and supervising farming operations. However, the need for vigorous effort on a realistic educational program cannot be emphasized too strongly if these families are going to learn the values which can be derived from cooperative undertakings.
6. The location of families in groups by the three types of associations has resulted in the simplification of Farm Security Administration assistance in supervision, and has accentuated the administration of the Soil Conservation, AAA, and other related programs of the Department.

In addition, there are several advantages offered by the land leasing associations which are peculiar to this type of organization.

1. Through the formation of these associations the lowest income families can be brought under the Farm Security program, which has not been accomplished to any great extent on RP projects because of the family selection requirements.
2. The families are afforded a bargaining power with landowners which previously may have been only an ambition. Actually, they are now in a position of competing with more prosperous individual operators for the larger and better tracts of land.
3. More favorable rental terms have been acquired because of the financial arrangements of the association with the Government.
4. From the standpoint of the Government, the public relations with landowners has improved by demonstrating benefits to low-income farm families at reduced expense.

5. The leasing associations also offer definite advantages to the private landowners. The landowners are dealing with financially responsible organizations, receiving cash rent at specified intervals without the usual expense connected with dealing on an individual basis. Their property is also improved with respect to houses and outbuildings, and the land is protected by proper land use practices.

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